DEPARTMENT OF ENVIRONMENT AND RESOURCE MANAGEMENT

COMMERCIAL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 2001 and the statements of operations and accumulated operating surplus/deficit, and financing activities and accumulated net (recovery)/expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 28, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

COMMERCIAL REVOLVING FUND
BALANCE SHEET
As at March 31

	2001	2000
ASSETS		
Current Assets:		
Accounts receivable (Note 9)	$ 286,322	$ 287,266
Inventories	177,672	157,135
	463,994	444,401
Capital assets (Note 5)	987,699	966,144
	$ 1,451,693	$ 1,410,545
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 9)	$ 709,852	$ 1,006,606
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 9)	632,309	397,680
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	109,532	6,259
	$ 1,451,693	$ 1,410,545

(See accompanying notes)

COMMERCIAL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2001		2000
	Budget	Actual	Actual
Revenues:	(Note 8)		
Campground	$ 3,346,000	$ 3,550,072	$ 3,427,837
Park entry	1,711,000	1,766,526	1,420,021
Cottage lots/permits	1,530,000	1,515,537	1,511,711
Surface leases	407,000	542,478	543,388
Commercial leases	598,000	452,783	445,466
Other revenue	385,000	369,939	355,856
Accommodation	228,000	289,272	276,651
Hay & grazing fees	201,000	155,587	147,738
Swimming pool fees	159,000	147,784	140,373
	$ 8,565,000	$ 8,789,978	$ 8,269,041
Expenses:			
Wages	$ 8,700,000	$ 8,813,414	$ 8,651,721
Material, supplies & freight	1,200,000	1,200,250	1,394,737
Vehicle rentals	670,000	739,165	664,170
Repairs & maintenance	850,000	737,384	645,328
Utilities	800,000	682,000	640,406
Other expenses	316,000	489,499	393,164
Postage & communications	278,000	330,266	267,802
Amortization	240,000	278,517	221,376
Equipment rental	210,000	210,613	193,522
Publicity & advertising	235,000	201,397	184,277
Travel & sustenance	200,000	193,200	203,112
	13,699,000	13,875,705	13,459,615
Loss from operations	(5,134,000)	(5,085,727)	(5,190,574)
Subsidy from General Revenue Fund	5,134,000	5,189,000	4,847,000
Net income/(loss)	$ 0	$ 103,273	$ (343,574)
Accumulated operating surplus/(deficit), beginning of year		6,259	841,833
Transfers to The General Revenue Fund (Note 4)		-	(492,000)
Accumulated operating surplus/(deficit), end of year - to Statement 1		$ 109,532	$ 6,259

(See accompanying notes)

COMMERCIAL REVOLVING FUND
STATEMENT OF FINANCING ACTIVITIES AND ACCUMULATED NET EXPENDITURE/(RECOVERY)
For the Year Ended March 31

	2001	2000
Financing (provided by)/required for operating activities:		
Net (income)/loss	$ (103,273)	$ 343,574
Items not affecting working capital		
- amortization	(278,517)	(221,376)
- gain/(loss) on disposal of capital assets	6,967	(5,244)
Net increase/(decease) in working capital items related to operations (Note 6)	316,347	(442,444)
Net financing provided by operating activities	(58,476)	(325,490)
Financing (provided by)/required for investing activities:		
Purchase of capital assets	$ 302,157	$ 439,061
Proceeds from sale of capital assets	(9,052)	(5,634)
Net financing required for investing activities	293,105	433,427
Financing activities:		
Payment to the General Revenue Fund	-	492,000
Net increase in financing requirement	$ 234,629	$ 599,937
Accumulated net expenditure/(recovery), beginning of year	397,680	(202,257)
Accumulated net expenditure, end of year - to Statement 1	$ 632,309	$ 397,680

(See accompanying notes)

COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activities required for the promotion, development and management of provincial parks.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Financing Activities and Accumulated Net (Recovery)/Expenditure and Note 6. The following accounting policies are considered significant.

a. Net (Recovery)/Expenditure

The net (recovery)/expenditure is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b. Accumulated Net (Recovery)/Expenditure

The accumulated net (recovery)/expenditure of the Revolving Fund includes the following:

i. the net (recovery)/expenditure for each fiscal year; and

ii. the book value of assets acquired at no charge from another government agency

c. Inventories

Inventories are valued at the lower of average cost and net realizable value.

d. Capital Assets

Amortization is calculated on the straight line basis. Annual rates are from 5% to 33% for equipment and 10% for furnishings.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with Section 18(4) of *The Natural Resources Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $350,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Environment and Resource Management's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 6,402,354	$ 5,463,524	$ 938,830	$ 927,401
Furniture and fixtures	365,590	316,721	48,869	38,743
Total Capital Assets	$ 6,767,944	$ 5,780,245	$ 987,699	$ 966,144

6. Net Change in Working Capital Items Related to Operations

	2001	2000
(Decrease)/increase in accounts receivable	$ (944)	$ 44,515
Increase/(decrease) in inventories	20,537	22,970
Decrease/(increase) in accounts payable	296,754	(523,195)
Decrease/(increase) in Unearned revenue	0	13,266
	$ 316,347	$ (442,444)

7. Related Party Transactions.

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the

Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows.

Category	2001	2000
Expenses	$ 1,587,429	$ 1,560,802
Accounts payable	50,130	13,922

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment and Resource Management is responsible for the acquisition of provincial park land. Therefore, park land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to park land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term maturity, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditures has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable. Most receivables were received subsequent to year end.

10. Amount Reported in Public Accounts

The net recovery/(expenditure) of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2001	2000
Net income/(loss)	$ 103,273	$ (343,574)
(Increase) in inventory	(20,537)	(22,970)
Payment to General Revenue Fund	-	(492,000)
(Increase) in net capital assets	(21,555)	(206,807)
Net recovery/(expenditure) reported in Public Accounts	$ 61,181	$ (1,065,351)